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AUTHOR Phelan, Daniel J.; And Others
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ABSTRACT

Lack of strategic planning by colleges and universities has inhibited higher education's ability to respond to the changing global environment. A majority of institutions plan from year to year, with crisis management becoming the norm. Because the external environment is evaluated infrequently, the institution does not have the broad view necessary to make appropriate decisions. Mission statements, rather than serving as a pragmatic guide for the organization's future, simply adorn college catalogs. Strategic planning requires the creation of a specific vision for a college, reflecting decisions in five areas: (1) institutional mission; (2) targeted groups; (3) programs offerings and priorities; (4) comparative advantages; and (5) key institutional objectives. Strategic planning helps to clarify an institution's mission and can link budgeting and planning processes to maximize effective use of resources, increasing internal consensus and external support. Because strategic planning involves self-evaluation, it is often resisted by groups within an institution. Assessment of the external environment should consider economic, demographic, political, social, and technological factors. The strategic planning process itself is comprised of three elements: mission statement development; analysis of internal strengths and weaknesses as well as external opportunities and threats; and strategy development. The result of the process should be a 3- to 5-year operational or tactical plan which leads to institutional mission accomplishment. Brief reviews of two additional strategic planning models, and a 25-item bibliography are included. (PAA)

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STRATEGIC PLANNING:

A CATALYST FOR

SHARED GOVERNANCE AND LEADERSHIP DEVELOPMENT

Presented at:

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of the
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Presented by:

Daniel J. Phelan, Ph.D.
Executive Director,
Business and Industry Institute
Johnson County Community College

Travis P. Kirkland, Ph.D.
Chair, Department of Industrial Technology,
Mathematics and Science
Northeast Iowa Community College

Jann E. Freed, Ph.D.
Associate Professor of Management
Central University of Iowa

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INTRODUCTION

Before 1950, organizational structures were uncomplicated and the economy was stable. However, by the late 1950s and early 1960s environmental changes became more frequent. Institutions grew in size and complexity technological applications increased, the rate of change accelerated, and the accustomed lead time for planning decreased. Consequently, organizations faced instability and growing uncertainty. Change has been even more rapid in the 1980s and 1990s. Dramatic changes in Europe have affected the global marketplace. The elimination of the Berlin Wall, for example, has created new markets. International competition is increasing. Business and industry executives have identified the need for continuous education to remain competitive. Ballen (1991) noted that over 15,000 executives, 10% more than a year previously, would be attending business related college programs in 1991. As the environment of higher education has become more uncertain effective planning has become increasingly important (Green, 1987).

Higher education is not immune to the accelerating rate of change. Colleges and universities must adapt to pervasive, powerful forces altering the environment in which they operate. According to Parekh (1975), while college administrators may be aware of environmental changes, they are typically poor strategic planners. Plans which exist are usually too general to provide useful guidance for all organizational levels and, therefore, often remain unused.

THE NEED FOR PLANNING

Lack of strategic planning has inhibited higher education's response to the changing global environment in six ways:

1. A majority of institutions plan from year to year rather than for long term. Crisis management becomes the norm. No formal mechanism (i.e., a planning process) integrates departmental or institutional efforts.

2. The external environment is evaluated infrequently, if at all; therefore, the institution does not have the broad view necessary to make appropriate decisions. Leaders may be unaware of external factors posing threats or offering opportunities.

3. The internal environment is seldom assessed. Thus, the institution is unable to identify its own strengths and weaknesses.

4. The relationship between institutional resource allocation and goals is commonly ignored. Consequently, the institution is unable to respond to emerging needs.

5. Institutions often evaluate their performances on revenues and expenditures, encouraging spending rather than working to achieve goals (Freed, 1987).

6. Institutional mission statements are not used to guide the organization. Rather than providing a pragmatic guide for the future, mission statements simply adorn college catalogs and presidential offices.

Colleges and universities have been forced to enter a realm familiar to business--the realm of fierce competition and strategic planning. Strategic planning can make the small difference that changes an average institution into one above average (Marsee, 1991). According to Steeples (1988, p. 104), "leadership in higher education will shift increasingly to institutions with the vision and the will to undertake strategic planning." Strategic planning is a method which provides unity

through constituent participation and strong administrative leadership (Shirley, 1988; Steeples, 1988).

Strategic planning requires creation of a specific vision for a college. The vision must encompass an entire organization, reflecting decisions in five areas: institutional mission, targeted groups, program offerings and priorities, comparative advantages, and key institutional objectives. The vision must be translated into a practical working concept of where the institution wishes to be--a mission statement.

A mission statement should communicate an institution's uniqueness (Cope, 1981). It should facilitate various constituencies' understanding of the institution, and increase their support of the college. The mission statement can become an important communication tool (Moseley, 1980), attracting "the students it wishes to serve and the support it needs to survive" (Mayhew, 1979, p. 28). Finally, the mission statement should serve as a "litmus test" by which all future actions, decisions, and pronouncements are evaluated.

BENEFITS OF STRATEGIC PLANNING

Strategic planning offers several benefits. First is clarification of the institution's mission and identity that allows a focused allocation of scarce resources. Strategic planning can link budgeting and planning processes to maximize effective use of resources (Marsee, 1991). Second, a well-communicated strategic plan can inspire both institutional

members and external constituencies. Third, clearly defining institutional purpose should increase internal consensus and external support.

Case studies document several institutions effectively countering enrollment difficulties with effective strategic planning. The desire for institutional differentiation, for a comparative advantage, for a "niche," is actually the pursuit of an advantageous market position (Steeples, 1988).

OBSTACLES TO STRATEGIC PLANNING

Lindquist (1978) observed that change in higher education institutions is usually forced by external pressure rather than anticipated by internal planning. Planning is a political and a logical process. Strategic planning requires evaluation of the present situation (i.e., self-evaluation), a process that is inherently political (Wildavsky, 1972). Resistance often arises because self-evaluation implies dissatisfaction with the status quo. Employees may resist self-evaluation because it is difficult and unsettling to analyze a shifting environment; they are apprehensive of the unknown. Some employees will oppose planning altogether because of the lack of an immediate payoff. Planning is considered a time-consuming process with few immediately recognizable rewards.

Presidential involvement is imperative to the success of the planning effort. If top-level leadership is not apparent, planning and decision making will not be effective.

Additionally, planners must seek campus-wide participation and support. The literature is replete with examples of good plans gone astray because all constituencies were not involved (DuRapau & Okeafor, 1990; White, 1990).

Education is a data-hungry enterprise. Thus, education's skill in data acquisition can assist, even simplify the planning process. However, strategic planning can be crippled by overemphasis on data collection and analysis. Excessive and unnecessary paperwork will delay the process and blur the focus.

Strategic planning is useful, but it is not a panacea for all institutional problems. It does not create strength where there is none. It does not overcome resistance to change. Strategic planning signals change and deliberate risk taking, both of which may appear threatening. Notwithstanding these limitations, strategic planning is necessary for identifying and pursuing long-range institutional goals (Shirley, 1988).

ASSESSMENT OF THE EXTERNAL ENVIRONMENT

The external environment of higher education is comprised of several major variables including economic, demographic, political, social, and technological areas (Jonsen, 1984). Each of these variables and their importance to the strategic planning processes are listed more fully below.

The economic environmental variable incorporates factors such as fluctuating interest, unemployment and inflation rates;

availability of financial aid; trends in consumer spending; and a volatile energy situation (Cope, 1981). A change in one or more of these factors may affect the overall fiscal status of an institution and have a direct impact on its future direction.

Major shifts in student demographics have occurred in recent years. The Carnegie Council predicted a 25% decline of 18 year olds by 1992 (Kerr, 1979). Competition for students is intense. The pool of students has been further decreased by a growing trend among noneducational organizations (military, government, business) to offer post-secondary educational opportunities (Hodgkinson, 1980). College Board estimates suggest that although 50 million or more adults engage in some type of systematic study, only 12 million of them will study in a college of university.

Governmental policies have a broad effect on institutions. Changes in the governmental arena are occurring regularly at all levels: federal, state and local. Financial aid, retirement plan regulations, social security increases, Supreme Court rulings, and information disclosure laws are only some of the areas vulnerable to political decisions (Green, 1987).

Academe exists in an environment of shifting social values and lifestyles. Changing values and interests pose a challenge to college administrators assessing program and service needs. Social-class structure and population mobility have changed remarkably in the last 20 years (Cope, 1981). Consequently, many

colleges are forced to expand their market territories and increase recruiting efforts (Tuckman & Arcady, 1985).

Technology has changed traditional instructional methods (Morrison & Mecca, 1987). Computer science, for example, has not only affected teaching methods, but kinds of equipment, number of faculty and skills needed, and program lengths (Jonsen, 1984).

Environmental variables have different effects on different institutions. Some are relatively independent of the fiscal environment because of self-perpetuating boards of trustees and wealth derived from endowments, research, and tuition. Others depend on a single source of income, such as churches, citizens, or legislatures. Colleges depending on one major source of income, an academic one-crop economy, are fiscally vulnerable. For example, colleges depending almost exclusively on student enrollments will be adversely affected as enrollment fluctuates (Baldridge, Curtis, Ecker, & Riley, 1978).

According to Baldridge et al. (1978), institutions engaging in an external environmental analysis may mistakenly emphasize national trends and ignore important local conditions. Trends may include changes in the potential number of students, in public attitude and support, and in local demand for educational services and products.

Cope (1978, p. 19) provides a diagram which reflects some of the environmental variables influencing higher education institutions (Figure 1).

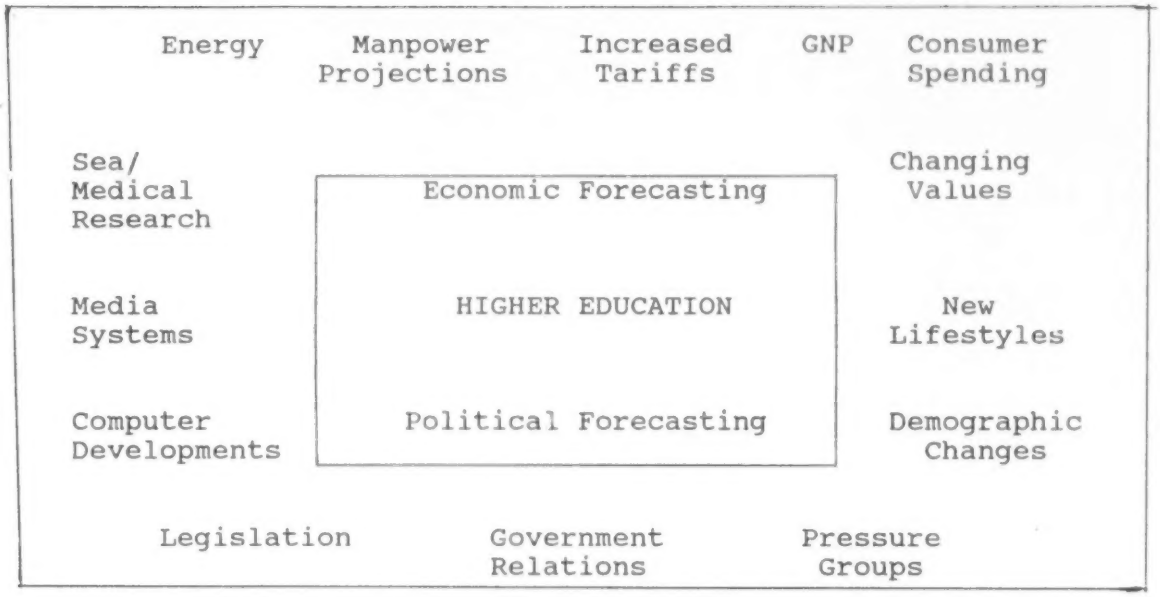

Figure 1: Conceptual representation of environmental cross impacts (Cope, 1978, p. 19)

The environmental cross impacts described by Cope have changed in the last decade. Changes in demographics have affected student enrollment and college financial requirements, creating a relative decline in resources. The environmental paradigm has shifted and requires a new set of administrative and organizational responses for institutional decisions.

Cameron (1983), studying organizational decline, found that most administrator and manager work experience had been acquired during periods of growth. He also found that administrators tended to maintain the status quo in periods of decline, managing conservatively rather than innovatively, and pursuing strategies that were successful during previous conditions of growth and relatively abundant resources. Cameron noted that:

> Individuals tend to attribute successes (growth) to personal (internal) factors and failures (decline) to environmental (external) factors beyond their control. Conditions of decline are often viewed as outside the administrator's control; thus no proactive responses are forthcoming (Cameron, 1983, p. 364).

Colleges and universities have a federated management structure and must satisfy many constituencies when planning. This structure complicates the development and implementation of novel strategies agreeable to all involved (Cameron, 1983). This structure and the myriad challenges of the external environment can easily threaten the success of plan development and implementation. Therefore, careful analysis of national and local economic, demographic, political, social, and technological factors is vital to the planning process.

STRATEGIC PLANNING PROCESS

The strategic planning process, in its simplest form, is comprised of three components. These include: mission statement development, SWOT (strengths, weaknesses, opportunities, threats) analysis and strategy development. Before elaborating on methods of strategic planning for academe, the three components are explained in succeeding sections.

Mission Statement

Ideally, the mission statement is a unanimously developed declaration of the college's instructional, research, service and

emphasis areas (McKeown, Daugherty & Carroll, 1990). Developing a mission statement is part of, not preliminary to, initiating the strategic planning process. Producing an institutional mission statement enhances the probability that the strategic plan will be used for its intended purpose rather than as a doorstop.

Mission statement development will necessarily be based on some key strategic decisions and important assumptions. The institution is a social-organic whole in which new or revised goals may be expected to affect every organizational subsystem in some way. Assumptions and initial strategic decisions should be made using a system model, encouraging contributions from all organizational units, including not only instructional faculty, but physical plant representatives and other support staff. If the plan also affects adjunct faculty and local communities, they too should be invited to participate.

Assumptions, hypotheses of important future circumstances, allow planning to proceed and give form to predictable but unconfirmed conditions that must be considered in planning. Assumptions should be stated clearly and early. Persons included in the planning process, whether in formulating a preliminary mission statement or later involving themselves in SWOT analysis or strategy development, may make suppositions that impede the process or jeopardize the quality and usefulness of the product. It is also crucial that assumptions not dismiss important factors from planning, not "assume away" political or other distasteful

problems. The assumptions will, in turn, have been based on an assessment of the internal and external environments perceived by the entire institution.

Ultimately, prior to mission statement development, five critical strategic decisions must be made based on analyses of internal and external environments. The college must decide whether it will maintain the status quo, change emphasis while maintaining the fiscal status quo, cut back, expand or close its doors. Which one of these options is selected will direct mission statement development.

The mission statement, when finally developed, need not and should not be evaluated based on mass. The mission statement should serve as the framework or point of departure for all institutional decision making. It should answer questions such as: What do we do and who do we do it for? What should be our contribution to the society that supports us?

The mission statement must be broad, general and relatively brief. Detailed milestones and task assignments will follow as implementing or operational plans are developed to accomplish the broad goals set in the mission statement. We do not mean to imply that after the mission is developed a written, voluminous implementing plan must be produced. Intuitive, anticipatory planning to achieve the institutional mission is equally important. Institutional leadership should be able to use both intuitive and formal planning with equal ease if they are to pursue the mission most effectively.

Swot Analysis

SWOT (strengths, weaknesses, opportunities and threats) analysis is a common technique used in strategic planning. SWOT analysis should follow mission statement development.

Before proceeding, definitions are required. Strengths are defined in terms of some advantage an institution has in relation to competitors and to needs identified in the internal environment. A strength may be a particular resource, characteristic, self-image or reputation that should be considered by all planners as the process continues. Institutional self-identification of strengths must guard against incorrect (political) assumptions, such as faculty qualifications or market demand. Institutional politics are potentially damaging here as in other planning activities. Objective assessment of strengths and weaknesses is, at once, vitally important and extremely difficult.

Institutional (internal) weakness, deficiencies or limitations that constrain performance, must be clearly identified. By not identifying and stating an institutional weakness it becomes, at best, an assumption of no effect and, at worst, an assumed strength. Weaknesses may be difficult to identify as planners pursue hidden agendas and guard important subsystem priorities.

Opportunities are external environmental situations which are open to exploitation when our strengths are applied effectively. Opportunities represent a place and a time that strengths can have the greatest effect for a given amount of institutional effort.

Threats, the antitheses of opportunities, are adverse external environmental or institutional situations which might impede success. They may also include situations that, while having a desirable societal goal, would require an unacceptable or disproportionate allocation of resources to accomplish. Situations that absorb major resources and have low expectations of proportionate payoffs also threaten institutional mission accomplishment.

As noted previously, SWOT analysis has internal and external components. Internal components may include the assessment/analysis of programs, faculty, administration, unique institutional characteristics, morale, receptiveness to change and the "system" of the institution. Strengths and weaknesses analysis constitutes the internal component. External environmental considerations may include identification and evaluation of emerging district, regional or national issues and trends, state of market growth or constriction, known and potential competition, and institutional image. Opportunity and threat analysis comprises the external component.

A "reality test" follows the SWOT analysis. The reality test is an opportunity to discuss institutional values and the

mission. It returns the planning process to questions of attainability, feasibility and resources. The reality test is essentially a formative evaluation of the plan.

Insertion of the reality test at this point might imply that feedback and in-progress reviews are not conducted or are unnecessary before the analysis is "completed." The process is never "complete." The process, and the product it provides, must be a living document, constantly under formal and informal review to identify emerging or dwindling opportunities and threats, and to reassess changes in institutional strengths and weaknesses. Feedback is continuous during the process, cyclical rather than linear.

Strategy Development

The product of this planning process is generally a 3-5 year operational or tactical plan which, in detail, leads to institutional mission accomplishment. The strategic plan flows from the SWOT analysis. From the analysis, priorities are identified to position the institution for the future. These priorities are defined as objective statements. Objective statements are broken down into individual, attainable tasks or milestones. Each milestone is further defined in light of person(s) responsible for attainment, time line, needed resources, and evaluation. All objectives and their consequent milestones are compiled on a matrix (see exhibit 1). The

resultant matrix serves as the plan for the organization's future and is methodically implemented.

The strategic plan should be monitored closely. It should be evaluated constantly for appropriateness and environmental changes. At the conclusion of the plan's third year, it is advisable to enter into the strategic planning process again.

ALTERNATIVE STRATEGIC PLANNING MODELS/METHODS

As previously stated, strategic planning is comprised of three basic components: 1) mission statement development, 2) SWOT analysis, and 3) strategy development. Strategic planning has existed for over 50 years in business and the military as a mechanism to anticipate the future using currently available data. In that period it should not be surprising that many strategic planning variations have emerged. These variations range from simple to complex, cursory to exhaustive, and pragmatic to burdensome.

Bryson (1990) proposed an eight-step strategic planning model. Bryson's work represented his preferred methodology for strategic planning with public and non-profit organizations. However, he stated that "...any strategic planning process is worthwhile only if it helps strategic decision makers think and act strategically" (p. 46).

Specifically, Bryson's eight steps included:

1. Initiating and agreeing on a strategic planning process
2. Identifying organizational mandates

3. Clarifying organizational mission and values

4. Assessing the external environment--opportunities and threats

5. Assessing the internal environment--strengths and weaknesses

6. Identifying the strategic issues facing an organization

7. Formulating strategies to manage issues

8. Establishing an effective organizational vision for the future (p. 48)

Bryson's eight steps fragmented the three basic components into eight smaller sub-components. His implementation recommendations were still quite basic and fundamental. However, other strategic planners have expanded the process to multiple layers and great complexity.

Below et al. (1988) developed a seven-element model deemed essential to a successful plan. These elements included: 1) organization mission, 2) strategic analysis, 3) strategy, 4) long-term objectives, 5) integrated programs, 6) financial projections, and 7) executive summary. While the Below et al. model possessed fewer components than the Bryson model, the Below's et al. model mandates the strategic planning process as a part of a larger coordinated "integrated planning process" (p. 3).

Below's et al. integrated planning process contained three base components: strategic plan, operational plan and results management. In addition to the sub-components of the strategic plan, previously noted, the operational plan included: 1)

operational analysis, 2) key results areas, 3) indicators of performance, 4) short-term objectives, 5) action plans, and 6) budgets. The results management component included: 1) control systems, 2) management reports, 3) organization results, 4) unit results, 5) individual results, 6) corrective action, and 7) reward systems. By comparison, the Below et al. strategic planning model was much more complex than the Bryson model.

Numerous other strategic planning models and methodologies exist including Steiner, 1979; Simerly, 1985; Lorange and Vancil, 1977. Each contains the fundamental concepts of shared governance and quality operators. Yet, which is best for academe? We suggest that simple may be best. Adherence to the spirit of the three component model and broad participation in the process will, de facto, result in a strategic planning model specifically suited to the institution conducting the planning.

With institutions, as with people, some are observers, some are actors and some are unaware. Educational institutions cannot afford to idly observe or be unaware. Strategic planning, whether intuitive or formal, is necessary if we are to be actors. The difference between first place and runner up is often very small, perhaps difficult to see, a photo finish. The difference is effective strategic planning.

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Exhibit 1

Mission Statement:

Mission capsule:

Strategic Initiative:

Objective:

Milestones	Person Responsible	Timeline 91	92	93	94	95	Resource Requirement	Evaluation

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